

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

AID-20 EB-11 COME-00 XMB-07 OMB-01 TRSE-00 RSR-01

/129 W

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R 311830Z AUG 73

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 2358

INFO AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E. O. 11652: N/A

TAGS: EGEN, BDIS, NU

SUBJECT: SOMOZA RESPONDS TO ASSOCIATED PRESS SCANDAL STORY

SUMMARY: STUNG BY AN AP REPORT ON THREE RECENT ALLEGATIONS OF PUBLIC SCANDALS, GENERAL SOMOZA CALLED IN THE WIRE SERVICE STRINGERS TO QUOTE CLARIFY END QUOTE THE SITUATION. SOMOZA GAVE HIS VERSION OF EACH EVENT, ATTACKED THE AP REPORTER FOR NOT CHECKING THE FACTS WITH HIM, AND LAMENTED THE FACT THAT CERTAIN QUOTE BAD NICARAGUANS END QUOTE WERE TRYING TO HURT THE COUNTRY BY GIVING FALSE INFORMATION TO REPORTERS. END SUMMARY.

1. AN AUGUST 23 AP STORY, WHICH SHOWED UP HERE IN THE MIAMI HERALD, RECOUNTED THE THREE MAJOR POST-QUAKE SCANDAL ALLEGATIONS WHICH HAVE TOUCHED THE GON AND, AS SOMOZA POINTED OUT, LEFT THE DISTINCT LIMITED OFFICIAL USE

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IMPRESSION THAT THE GON QUOTE LACKS A WELL-STRUCTURED

SYSTEM END QUOTE TO CARRY OUT RECONSTRUCTION.
GENERAL SOMOZA, ACTING AS PRESIDENT OF THE NATIONAL
EMERGENCY COMMITTEE, CALLED IN THE LOCAL CORRESPON-
DENTS FOR UPI, AP, FRANCE PRESS, EFE AND REUTERS TO
REFUTE THE AP STORY AND, INCIDENTALLY, TO OUTLINE
HIS VIEWS OF PROPER JOURNALISTIC ETHICS.

2. THE THREE SCANDALS ALLEGED IN THE AP STORY WERE:
A DISPUTED ORPHANS' HOME BID; A GON PURCHASE WITHOUT
BIDS OF 110 BRAZILIAN-MADE MERCEDES BENZ TRUCKS; AND
A MUCH-DISCUSSED LAND SALE BY ASSEMBLY PRESIDENT
CORNELIO HUECK, TO THE HOUSING BANK.
CONTROVERSY OVER THE ORPHANS' HOME BID (MANAGUA 3365
AND PREVIOUS) WAS DUE PRIMARILY TO THE FACT THAT THE
OFFER OF THE WINNER, LIBERAL PARTY TRIUMVIRATE MEMBER
DR LOVO CORDERO, REPRESENTING PANELFAB, WAS DOUBLE
THAT OF THE LOW BIDDER. SOMOZA EXPLAINED IN HIS
AUGUST 29 STATEMENT THAT THE LOVO BID WON BECAUSE THEY
WERE LOOKING NOT FOR THE CHEAPEST OFFER, BUT RATHER
FOR THE BEST. HE BLAMED THE CONTROVERSY ON QUOTE
SPECIAL INTERESTS THAT WANT TO MONOPOLIZE THE WHOLE
PACKAGE OF RECONSTRUCTION, END QUOTE.

3. IN REFERRING TO THE MERCEDES BENZ PURCHASE, SOMOZA
BRANDED AS QUOTE A TOTAL FALSEHOOD END QUOTE THE CLAIM
THAT OTHER MANUFACTURERS HAD NO OPPORTUNITY TO PRESENT
COMPETING OFFERS. HE POINTED OUT THAT THE PURCHASE
WAS MADE UNDER A TIED BRAZILIAN CREDIT (BRAM BRAZIL'S
VERSION OF THE EXIM BANK) AND THAT HE PERSONALLY
HAD PUBLICLY ANNOUNCED THE CREDIT AND HAD ASKED
LOCAL REPRESENTATIVES OF BRAZILIAN MANUFACTURERS
TO OFFER RECONSTRUCTION-RELATED EQUIPMENT FOR PURCHASE
UNDER THE CREDIT. AS TO THE TRUCKS THEMSELVES, SOMOZA
SAID QUOTE ITS NOT MY FAULT END QUOTE THAT ONLY
MERCEDES, (WHICH SOMOZA REPRESENTS IN NICARAGUA)
MADE THE SPECIFIC TYPE REQUIRED BY THE NATIONAL
DISTRICT AND PUBLIC WORKS. HE ALSO STATED THE GON
PURCHASED FROM A NUMBER OF SOURCES AND HAD ENCOUNTERED
PROBLEMS WITH SEVERAL. THE FORD MOTOR COMPANY WAS GIVEN
AS A SPECIFIC EXAMPLE OF SUPPLIERS WHO MAKE LATE DELI-
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VERIES.

4. ON THE THIRD QUESTION, THE HOUSING BANK'S LAND
PURCHASE FROM CORNELIO HUECK, SOMOZA SAID THE SALE
PRE-DATED THE EARTHQUAKE AND WAS PART OF A NORMAL
PROGRAM TO DEVELOP A QUOTE LAND BANK END QUOTE FOR
FUTURE PUBLIC WORKS. HE TOOK CREDIT FOR THE PROGRAM
AND SAID IT GAVE THE GON A QUOTE RESERVE OF CHEAP

LAND END QUOTE FOR USE AFTER THE QUAKE.

5. FINALLY, SOMOZA SAID THE QUOTE FALSE STORY
END QUOTE WAS WRITTEN BY A YOUNG GIRL WHI HAD INTER-
VIEWED HIM, BUT WHO QUOTE DELIBERATELY ABSTAINED FROM
ASKING ABOUT THESE POINTS, FORGETTING THE ELEMENTARY
PRINCIPALES OF A REPORTER'S ETHICS. END QUOTE.
NOVEDADES' EDITORIAL STAFF ADDED THE VIEW THAT THE
REPORT WAS UNTRUSTWORTHY BECAUSE IT WAS UNSIGNED AND
ALSO FAILED TO NAME SOURCES.
SHELTON

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FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC 2359
INFO AMEMBASSY BRASILIA
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6. COMMENT: AS IN PAST DEFENSES OF THESE GON TRANS-
ACTIONS, THE OFFICIAL VERSION WILL BE ACCEPTED BY
SUPPORTERS AND PROBABLY REJECTED BY CRITICS AND THE
OPPOSITION. SOMOZA'S DEFENSE HAD THE SUPERFICIAL
APPEARANCE OF VERACITY. IN ITS SPECIFICS, HOWEVER,
THE STATEMENT TENDED TO SKIRT MAIN ISSUES AND TO
MISREPRESENT SOME FACTS. ON THE ORPHAN'S HOME

BID, FOR EXAMPLE, THE CHAMBER OF CONSTRUCTION HAS ARGUED THAT THE BID SPECIFICATIONS DID NOT CALL FOR A PANELFAB LEVEL OF QUALITY AND THAT THE LOWEST BIDDER MEETING THE SPECIFICATIONS SHOULD HAVE WON. REGARDING THE MERCEDES BENZ PURCHASE, IT IS TRUE THAT SOMOZA ANNOUNCED THE BRAZILIAN CREDIT AND CALLED FOR OFFERS TO TAKE ADVANTAGE OF IT. HE DID NOT ANNOUNCE THE GON INTEREST IN TRUCKS. THIS PURCHASE WAS MADE PUBLIC ONLY AFTER THE DEAL WAS CONSUMATED, AND GON SPOKESMEN ORIGINALLY DEFENDED THE LACK OF PUBLIC BIDDING BY CLAIMING THAT ONLY MERCEDES BENZ LIMITED OFFICIAL USE

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PRODUCED TRUCKS IN BRAZIL. CORNELIO HUECK'S LAND SALE TO THE HOUSING BANK WAS ORIGINALLY ATTACKED AS POST-QUAKE PROFITERRING. EVEN BEFORE SOMOZA'S STATEMENT, THE TIMING QUESTION HAD BEEN CLARIFIED. MORE IMPORTANT WAS THE QUESTION OF PRICE. HUECK RECEIVED ABOUT 6.3 MILLION CORDOBAS FOR 57 MANZANAS, OR SLIGHTLY ABOVE ELEVEN CORDOBAS PER VARA. WE ARE NOT IN A POSITION TO JUDGE THE ACTUAL VALUE OF THE LAND, BUT A LOCAL BUSINESSMAN STATES THAT HE PURCHASED WHAT HE CONSIDERS BETTER LAND NEARBY FOR AN AVERAGE PRICE OF ONLY FIVE CORDOBAS PER VARA. OUR INFORMANT AND HUECK BOUGHT THEIR LAND AT ABOUT THE SAME TIME.
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